

DOE review  
completed.

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STATES MARINE LINES  
90 Broad Street, New York 4, N.Y.

copy

November 19, 1958

Department of Commerce,  
Maritime Administration,  
Attention: Law Department  
Washington, D.C.

Re: N.S. Savannah - Agency Contract.

United States Atomic Energy Commission,  
Law Department,  
Washington, D.C.

DOE review completed.

Dear Sirs:

To each of you I am enclosing copy of "3d draft" of Service Agreement for the operation of N.S. Savannah, which I have studied carefully and upon which I have inserted notes and comments in pencil and typewriter. I believe that my notes and comments are self-explanatory, but I wish to further bring to your attention two matters which require further consideration as follows:

Article 3 (a)

This has to do with our providing a qualified crew for training at our own expense during the "construction stage". It is my understanding that only the Engine Department crews are intended to be covered, but the language of this paragraph as now drawn could indicate that we are required to train and pay salaries and subsistence for Deck and Stewards Departments, etc. Reference to question 5 of the Maritime Administration's communication of February 24, 1958 will show that two crews of Engine Department personnel only are intended to be covered by this obligation.

Also it seems to me that our obligation to support and train the Engineering crew should have a more clear definition of what is meant by the "construction stage". If the vessel should be delayed in completion beyond the contemplated period, and the crews training should be completed in the meanwhile, would we be expected, nevertheless, to keep them on our payroll and continue their subsistence. I realize that it is difficult to draw a definite time limit, but for the reasons herein outlined, I think that further consideration should be given to the intent and wording of this paragraph.

Article 6 - Insurance and Indemnification

I realize that Congress has set a ceiling of Five hundred million dollars for indemnity of all public liabilities arising out of "nuclear incidents", and it is my understanding that our public liability (if any should arise) could be merely some share in such total fund. For example - if a "nuclear incident" should arise in a foreign port, and the law of that country should be that we, as Agent

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for the N.S. Savannah are liable for all consequences, would the indemnity provisions, as now drafted, cover us fully? As the law stands at present I see no way out of the difficulty, because neither the Atomic Energy Commission nor the Maritime Administration can alter the law. I think it should be understood, however, that the Government will further explore the entire subject of Insurance and Indemnification. In this connection I would refer you to the Legislative History of the law which Congress passed to provide financial indemnification for "nuclear incident" (Public Law 85-256, Amendment to Atomic Energy Act of 1944; Legislative History U.S. Code Congressional and Administrative News 85th Congress 1st Session, 1957, Page 8, 10 et seq; Public Law 85-602) relating to N.S. Savannah.

I think that my other notes and comments are self-explanatory. I shall be glad to be at your disposal at any time to come to Washington and confer with you or be at your service in any other way I can to bring the agreement between us into form for execution.

Yours very truly,

sgd. JOHN TILNEY CARPENTER

John Tilney Carpenter,  
Vice President

JTC:MH